



Value for money strategy

1. Context

Selwood Housing delivers value for money to its customers and other stakeholders by fulfilling the core objective in its corporate strategy, which is **“to be able to deliver on a wide range of complicated, changing targets to meet rising customer expectations.”** This value for money strategy describes how we will work towards this and measure our achievements against it.

The key areas in our corporate strategy that set our value for money strategy are:

- We ensure our people are motivated, skilled, and able to deliver for our customers
- We make the best use of the resources that we have
- We respond quickly and effectively to our customers’ needs and the changing environment we operate in
- We retain our local focus which is one of our key strengths.

Value for money is a key pillar of our principles and values:





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The aims of our value for money strategy are:

- To achieve the appropriate balance of performance, satisfaction, and cost in the delivery of our strategy differentiating between service areas
- To measure the value for money that Selwood Housing delivers at a headline level using the Regulator of Social Housing value for money key performance indicators
- To measure where we are against appropriate comparators for other areas in our strategy, and
- To set annual targets to achieve our desired position

Value for money for Selwood Housing includes considering:

- Making best use of our assets
- Changing how we work so we need fewer resources to deliver the same service, freeing up resources for other priorities.
- Adopting the best way for delivering our services, which could be delivered internally or through external partners or suppliers.
- Making better use of the data we hold and using this to make our services better value.
- Contributing positively to the country's finances by reducing the call on welfare benefits through charging below market rents
- The social impact of our homes and services
- Improving the energy efficiency of our homes and thereby reducing energy costs for our customers

2. Value for money KPIs

The past two years have been a challenging time for all organisations across every sector. The global pandemic forced us to change our working practices and be flexible and adaptable in our approach. The subsequent supply chain shortages and the economic crisis that has resulted from the war in Ukraine continues to challenge our value for money aims and have been a main focus. The impacts of inflation are also only just starting to materialise and begin to influence our KPIs. The KPIs themselves are broken down into the three cost, performance, and satisfaction areas:



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- a. Cost: The regulator for Social Housing value for money indicators
- b. Performance: Consumer compliance metrics
- c. Satisfaction: Customer satisfaction measures (to become tenant satisfaction measures once confirmed by the regulator)

a) The regulator for Social Housing value for money indicators

The Regulator of Social Housing (RSH) issued a VfM Standard in April 2018 which includes a requirement for registered providers to publish their performance against a series of common metrics with which to measure economy, efficiency and effectiveness as set by the Regulator.

The table below compares our performance over the last three years with our peer group, Place shapers (PS), the RSH global accounts performance and our targets for next year.

| Performance Metric | 2020/21 Actual | 2021/22 Actual | 2022/23 Actual | 2023/24 Target | 2021/22 | 2021/22 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
| | | | | | PS Median * | Sector Median ** |
| Business health % efficiency | | | | | | |
| Operating margin - Overall | 24.4% | 17.1% | 18.1% | 17.5% | 24.3% | 20.5% |
| Operating margin - Social housing lettings | 23.1% | 18.8% | 18.9% | 16.4% | 27.2% | 23.3% |
| Interest cover % (EBITDA-MRI) | 426.0% | 311.3% | 260.4% | 102.7% | 185.0% | 145.7% |
| Headline social housing cost per unit £ CPU | £3,732 | £4,343 | £4,332 | £5,548 | £3,587 | £4,150 |
| Return on capital employed % | 2.4% | 1.9% | 2.1% | 2.5% | 3.3% | 3.2% |
| Development & investment | | | | | | |
| New supply delivered % - Social housing units | 1.8% | 2.3% | 2.2% | 2.1% | 1.3% | 1.4% |
| Gearing % | 31.2% | 31.7% | 33.6% | 36.7% | 44.9% | 44.1% |
| Reinvestment % | 5.3% | 5.4% | 7.2% | 7.0% | 5.9% | 6.5% |



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The operating margins and interest cover % have fallen due to the continuing investment in our asset portfolio and the significant increase in our repairs and maintenance activities to reduce the amounts of jobs that our customers have outstanding which had risen during the pandemic. This has also increased our headline social housing cost per unit which is expected to continue to rise in the current economic conditions. The reduction in our return on capital employed is due to the increase in investment in carbon reduction and planned maintenance works to our properties including our sheltered schemes. These large investments pay back financially over a longer period but improve the quality of lives of our customers immediately.

b) Consumer compliance metrics

The table below shows Selwood's performance for the last 3 years and target for the next year in the most important consumer compliance areas:

| Measure | Target | | | |
|---|---------|---------|---------|---------|
| Consumer metrics | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
| Homes that do not meet the Decent Homes Standard | 0.02% | 0.04% | 0.04% | 0.04% |
| Repairs completed within target timescale | 74% | 90% | 95% | 95% |
| Gas safety checks | 99.94% | 100% | 99.98% | 100% |
| Fire safety checks | 97.77% | 100% | 100% | 100% |
| Asbestos safety checks | 91.50% | 93.24% | 92.49% | 100% |
| Water safety check | 95.45% | 100% | 100% | 100% |
| Lift safety checks | 100% | 100% | 100% | 100% |
| Anti-social behaviour cases relative to the size of the landlord | 6.56% | 4.46% | 3.8% | 3.8% |
| Complaints relative to the size of the landlord | 10.20% | 8.19% | 4.9% | 4.9% |
| Complaints responded to within Complaint Handling Code timescales | 61% | 83% | 87.5% | 83% |

The additional focus on our repairs and maintenance programmes have enabled us to significantly improve our repairs timescales which we intend to maintain at least the same level. We continue to target high safety check levels and low anti-social behaviour and complaint levels.



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c) Tenant satisfaction measures

The regulator has announced new tenant satisfaction measures to use from 23-24 which we have adopted. Last year, we launched a new customer satisfaction portal which we have started to receive timely transactional feedback directly from the customer after specific activities like repairs, caretaking, and customer services contact. We have also introduced a new perception survey provider who will collect 600 telephone interviews with our customers over the year. As these are new measures, we have set targets for 23/24 in line with the provider's pilot benchmark results:

| Tenant Satisfaction Measure | 23/24 Target |
|---|--------------|
| TP01 - Overall satisfaction survey | 75% |
| TP02 - Satisfaction with repairs | 75% |
| TP03 - Satisfaction with time taken to complete repair | 71% |
| TP04 - Satisfaction that home is well-maintained | 71% |
| TP05 – Satisfaction that home is safe | 78% |
| TP06 – Satisfaction that landlord listens to tenants' views and acts upon them | 66% |
| TP07 - Satisfaction that landlord keeps tenants informed about things that matter to them | 75% |
| TP08 - Agreement that landlord treats tenants fairly and with respect | 80% |
| TP09 - Satisfaction with landlord's approach to handling of complaints | 51% |
| TP10 - Satisfaction with communal areas | 68% |
| TP11 - Satisfaction that landlord makes positive contribution to neighbourhoods | 67% |
| TP12 - Satisfaction with approach to handling ASB | 65% |



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3. VFM goals

Our value for money goals against the key areas of our corporate strategy are:

- Building 1700 new homes in the next ten years
 - We are growing our development programme to further our social goal of addressing housing need in our area of operation. We maximise our development programme within the constraints of our financial plan and risk appetite and economic conditions.
- Developing our approach to reaching our environmental targets
 - Ensuring all of our properties are at SAP C level by 2030
 - Achieve the 2050 target of a carbon neutral property portfolio
- Deliver our Horizon programme of digital transformation to time and budget
 - Ensure that each milestone for delivery is on time and within the cost target
 - Realise the efficiency benefits of the business case as revised in the latest approved plan
- Maintain overall customer satisfaction from the baseline levels in the new customer satisfaction platform
 - Embedding customer satisfaction reporting and action in the organisation, ensuring process to respond to customer feedback is in place
 - Benchmarking our performance against other similar Housing Associations in our area
- Maintaining compliant governance and viability ratings with the Regulator of Social Housing
 - Ensuring we are prepared for an in-depth assessment by the regulator at all times
 - Maintaining strong governance and financial stability through our planning and stress testing of possible scenarios
- Delivering all of our portfolio of projects to time and budget
 - Ensuring that our internal and external resources are appropriately prioritised
 - Maintaining a strong project management culture across the organisation
- Target Investors in People platinum standard to build on our gold achievement



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- We will implement the material recommendations of the IIP report
- Having a clear approach to equality, diversity and inclusion and implementing our action plan during 2023-2025.

We continue to work towards improving the returns on all our asset classes over time. Our focus in respect of housing assets is to maintain our existing homes to be safe, comfortable and warm, provide more new homes for people in housing need and to rationalise our housing stock by disposal of properties which are unsuitable for social housing and give the worst value for money, replacing them with better performing new homes. More detail can be found in our disposal strategy.

4. Monitoring our VfM goals and 12-month targets

Value for money is embedded in our corporate strategy and ways of working. As such, maintaining a separate list of actions to deliver our goals outlined above is not necessary. Achievement will be monitored through the delivery of our KPIs and the progression of the projects that are in place to deliver our corporate goals such as Horizon.

In addition, during the next 12 months we will:

- Continue to monitor interest rates to ensure that the cost of carry of debt is as low as possible, balancing borrowing with the requirements of the organisation.
- Utilise the monthly, quarterly and annual peer group data from Housemark to benchmark our performance against peer groups and gain insights for improvement.
- Continue to closely monitor for slowdown in the housing market that could affect shared ownership schemes and the overall operating margin of the Association.
- As inflation continues to impact, consider how Selwood can further maintain the surplus to mitigate the impact whilst still providing good services to our customers
- Look at ways to improve our return on capital employed (ROCE) as our cost of borrowing rises.
- Analyse headcount and staffing costs by service and benchmark to identify under/over provision.



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- Review all vacant posts prior to going out to recruitment ensuring that there is an adequate process in place to confirm need and benefit.
- Further develop our procurement and contract management processes to achieve the goals of the procurement strategy.

5. Review

Selwood Housing's Board will scrutinise its performance on value for money annually to confirm that Selwood Housing is meeting the value for money standard. Each year we will report our targets and how we performed against each one. We will set out the reasons for not meeting a target and explain how we will remedy this in the future.

This strategy will be reviewed at least annually as part of the budgeting process



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Decision-making record

| Date | Meeting / Minute Reference | Version / Amendment |
|-------------|--|---|
| 3 Feb 10 | Board meeting | 1 |
| 17 July 13 | Board meeting | Updated |
| 30 Dec 15 | Updated for internal audit recommendations | Updated |
| 2 Mar 16 | Board meeting | 2 |
| 3 May 17 | Board meeting | 3 |
| 1 Nov 17 | Board meeting | 4 |
| October 18 | Board meeting | Complete re-write following board awayday session |
| 16 Mar 22 | Board meeting | Updated with latest VFM comparisons |
| 19 Oct 22 | Board meeting | New updated strategy to align with new corporate strategy |
| 18 Oct 23 | Board meeting | Annual update of goals and targets |
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